

Date _____

You state that you are a national organization, operated under the leadership of [REDACTED] who holds the title of [REDACTED]. Below the national level, there is a state level led by [REDACTED] and also a unit level led by [REDACTED]. Your organization also has a position entitled [REDACTED] and positions designated as [REDACTED]. It was not explained what the nature of these positions is, or what the responsibilities of individuals holding these positions would be. You state that all officers are elected on a democratic basis. Both your units and your national organization meet on a monthly basis. You did not indicate the frequency of meetings on the state level. You refer to your meeting places as [REDACTED].

[REDACTED]

You would not furnish the number of units in your overall organization, nor would you supply the current number of members, claiming that it is against your [REDACTED] provide such information. Your application gave no information on the [REDACTED] in which you have set up organizational structures.

Your application states that your membership is open only to [REDACTED]. In addition to your meetings, you plan to hold rallies, distribute literature, and make donations to charities as funds permit. Your rallies will be open only to [REDACTED]. Your members pay no set dues, but a contribution of \$ [REDACTED] is suggested. Your letter of [REDACTED] indicated that you presently have members outside of the [REDACTED] area, which is the location of your [REDACTED]. Your [REDACTED] letter indicated that you had distributed membership recruitment literature in [REDACTED] on [REDACTED], and in [REDACTED] on [REDACTED].

You state that your organization is a [REDACTED], and that you feel that you are an organization as described in section 170(b)(1)(A)(i) of the Internal Revenue Code. You state that your meetings at the unit level are held for worship, traditional [REDACTED] fellowship. You have also held worship services, monthly meetings, and traditional ceremonies at your [REDACTED]. Your ceremonies which include the traditional [REDACTED] which you state, signifies that [REDACTED].

Your beliefs are entitled [REDACTED], a copy of which you included with your letter of [REDACTED]. The [REDACTED] acknowledges the [REDACTED].

[REDACTED] It acknowledges the [REDACTED]. It proclaims a devotion to the principles of a [REDACTED]. It avows the distinction between the [REDACTED].

The literature that you distribute describes your organization as a protective organization that will never use violence except in resisting violence. Your literature states that you [REDACTED].

Your income to date has been from loans from individuals referred to as [REDACTED].

Your expenses to date have principally been for legal fees, and printing expenses for membership applications, business cards, unit charters, and membership certificates. The proposed financial information

you submitted indicates future expenditures for charitable contributions, printing, postage, envelopes, office supplies, and also [REDACTED]

Section 501(c)(3) of the Code provides, in part, for the exemption from federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 509(a)(1) of the Code provides that the term "private foundation" means a domestic or foreign organization described in section 501(c)(3) other than an organization described in section 170(b)(1)(A) (other than in clauses (vii) and (viii)).

Section 170(b)(1)(A)(i) of the Code exempts from private foundation classification under section 509(a)(1) a "church or a convention or association of churches."

Section 501(c)(3)-1(a)(1) of the Income Tax Regulations states that in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more purposes specified in that section. If an organization does not meet either the organizational or the operational test it is not exempt.

Section 1.501(c)(3)-1(d)(2) of the regulations states that the term "charitable" is used in section 501(c)(3) in its generally accepted legal sense. Such term includes: relief of the poor and distressed or of the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments, or works; lessening the burdens of government; and promotion of social welfare by organizations designed to accomplish any of the above purposes, or (i) to lessen neighborhood tensions; (ii) to eliminate prejudice or discrimination; (iii) to defend human and civil rights secured by law; or (iv) to combat community deterioration and juvenile delinquency.

Revenue Ruling 71-447, 1971-2 C.B. 230, holds that a private school which does not have a racially nondiscriminatory policy as to students does not qualify for exemption from Federal income tax under section 501(c)(3) of the Code. It defines a racially nondiscriminatory policy as meaning "that the school admits the students of any race to all rights, privileges, programs, and activities generally accorded or made available to students at the school and that the school does not discriminate on the basis of race in the administration of its educational policies, admission policies, scholarship and loan programs, and athletic and other school administered programs."

In Bob Jones University v. United States, 461 U.S. 574 (1983), the Supreme Court upheld the Service's application of Rev. Rul. 71-447 to racially discriminatory private schools. The Court indicated that the Government has a "fundamental, overriding interest in eradicating racial

[REDACTED]

discrimination in education." In view of this clear public policy, racially discriminatory schools could not be viewed as charitable and could not qualify for exempt status. Although dealing with racially discriminatory schools, the Court, at page 591, provided the following guiding statement concerning charity law and tax exemption:

"When the government grants exemptions or allows deductions all taxpayers are affected; the very fact of the exemption or deduction for the donor means that other taxpayers can be said to be indirect and vicarious "donors." Charitable exemptions are justified on the basis that the exempt entity confers a public benefit—a benefit which the society or the community may not itself choose or be able to provide, or which supplements and advances the work of public institutions already supported by tax revenues. History buttresses logic to make clear that to warrant exemption under section 501(c)(3), an institution must fall within a category specified in that section and must demonstrably serve and be in harmony with the public interest. The institution's purpose must not be so at odds with the common community conscience as to undermine any public benefit that might otherwise be conferred."

As is indicated in the Bob Jones decision, charitable exemptions are justified on the basis that the exempt entity confers a public benefit. That decision goes on to say that an applicant must fall within a category specified in section 501(c)(3), and also must demonstrably serve and be in harmony with the public interest.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]. These activities in fact, work directly against the charitable purposes enumerated in section 1.501(c)(3)-1(d)(2) of the regulations, in that they serve to increase racial prejudice and racial discrimination, and constitute an attack on human and civil rights presently secured by law. Nor can these two activities be said to confer a public benefit, and they do not serve and are not in harmony with the public interest.

As the promotion of these two objectives is instrumental to your overall operation you are not operated exclusively for charitable purposes, as is required by section 1.501(c)(3)-1(a)(1) of the regulations.

Accordingly, you are not entitled to exemption under section 501(c)(3) of the Code. Contributions to you are not deductible under section 170.

Even if you did qualify for recognition of exemption under section 501(c)(3) of the Code, you would not qualify as a church under section 170(b)(1)(A)(i). Your members are not required to renounce their membership in any other church or denomination. You do not have a complete

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organization of ordained ministers, and you do not have a ministerial training facility. You do not offer specialized programs of instruction for the young.

You have the right to protest our ruling in regard to your qualification for exemption, and in regard to your private foundation status, if you believe that these determinations are incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted within 30 days of the date of this letter and must be signed by one of your officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies. Section 7423(b)(2) of the Code provides, in part, that a declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director. Thereafter, if you have any questions about your federal income tax status, including questions concerning reporting requirements, please contact your key District Director.

When submitting additional letters with respect to this case to the Internal Revenue Service, you will expedite by placing the following symbols on the envelope:

Sincerely yours,

cc:

cc:

Code	INITIALS	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname							
Date							